

# FISCAL NOTE

**Bill #:** SB0007

**Title:** Revise laws on leasing of grazing and agricultural land

**Primary**

**Sponsor:** Reiny Jabs

**Status:** As introduced

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Sponsor signature	Date	Dave Lewis, Budget Director	Date
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## Fiscal Summary

	<b><u>FY2000 Difference</u></b>	<b><u>FY2001 Difference</u></b>
<b>Expenditures:</b>	\$0	\$0
<b>Revenue:</b>	\$0	\$0
<b>Net Impact on General Fund Balance:</b>	\$0	\$0

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<b><u>Yes</u></b>	<b><u>No</u></b>		<b><u>Yes</u></b>	<b><u>No</u></b>	
	X	Significant Local Gov. Impact		X	Technical Concerns
	X	Included in the Executive Budget		X	Significant Long-Term Impacts

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## Fiscal Analysis

### ASSUMPTIONS:

#### Lease Reinstatement

1. Approximately 10-15 leases are canceled each year for non-payment.
2. The leases are advertised for competitive bids, and the former lessee often is not the high bidder.
3. Before a new lease can be issued, the high bidder must pay the former lessee for any improvements. Disagreements on values result in lengthy delays during which time no lease rentals are collected.
4. Reinstating canceled leases after payment of a penalty is a cost-effective way to capture the increased revenue expected by competitive bidding and avoid the delay in issuing a new lease. Staff time normally spent on trying to reach a settlement on the improvements could be devoted to other leasing issues.
5. No measurable fiscal impact is anticipated to result from the lease reinstatement provision.

Minimum Cash on Bids for 1/3 Crop Share Lease

6. Approximately 300 agricultural leases are renewed or issued annually, of which 5-10% are competitively bid. Of those competitively bid, ten-fifteen leases are bid at rates greater than 1/3 crop share. For crop share bids, it is difficult for the Department to confirm that full payment is being made. This legislation would establish a guaranteed level of income for the higher crop share bids.

FISCAL IMPACT:

A slight increase in agricultural lease rentals is expected as a result of the Minimum Cash on Bids for 1/3 Crop Share provision. However, since each lease rental is so variable, an exact amount can not be determined.

No measurable impact is anticipated to result from the Lease Reinstatement provision.

LONG-RANGE IMPACTS:

More efficient administration of state trust leases and fewer issues over fair payment of high crop share leases.